

## Message Text

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47

ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 PA-04 PRS-01 USIA-15 DRC-01

FEA-02 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03 COME-00

DODE-00 EB-11 FPC-01 H-03 INR-11 INT-08 L-03 NSAE-00

NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 2255

INFO AMCONSUL LENINGRAD

AMCONSUL MUNICH

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E.O. 11652: N/A

TAGS: EIND ECON UR

SUBJECT: MANAGEMENT REORGANIZATION PLANS APPROVED FOR SOVIET  
FUEL-EXTRACTION INDUSTRIES

REF: MOSCOW A-335, 8/25/74

1. SUMMARY SEPT 5 IZVESTIYA CARRIES SHORT ARTICLE  
ANNOUNCING APPROVAL BY SOVIET GOVERNMENT OF MANAGEMENT  
RESTRUCTURING IN COAL, OIL, AND GAS INDUSTRIES IN ACCORDANCE  
WITH MARCH 2, 1973, COUNCIL OF MINISTERS AND CPSU CENTRAL  
COMMITTEE DECREE "CONCERNING SEVERAL MEASURES FOR FURTHER PERFECTING  
OF INDUSTRIAL MANAGEMENT." INITIAL APPLICATION OF DECREE TO  
FUEL-EXTRACTION INDUSTRIES APPEARS TO BE REFLECTION OF PRIORITY  
SOVIETS ATTACH TO IMPROVING PERFORMANCE IN THE ENERGY SECTOR.  
END SUMMARY.

2. A. COAL INDUSTRY WILL BE MANAGED ON BOTH TWO-TIER  
AND THREE-TIER BASIS, DEPENDING ON WHETHER GIVEN REPUBLIC  
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HAS ITS OWN COAL MINISTRY, AS FOLLOWS:

--USSR MINISTRY OF COAL INDUSTRY - PRODUCTION

ASSOCIATION/ENTERPRISE

--USSR MINISTRY OF COAL INDUSTRY - UKRAINIAN MINISTRY  
OF COAL INDUSTRY - PRODUCTION ASSOCIATION/ENTERPRISE

B. GAS INDUSTRY WILL ALSO HAVE BOTH TWO- AND THREE-  
TIER SETUPS, DEPENDING ON "SPECIFIC CHARACTER" OF GAS  
DEVELOPMENT IN INDIVIDUAL REGIONS OF COUNTRY:

--USSR MINISTRY OF GAS INDUSTRY - PRODUCTION ASSOCIATION/  
ENTERPRISE

--USSR MINISTRY OF GAS INDUSTRY - INDUSTRIAL  
ASSOCIATION (ALL-UNION) - PRODUCTION ASSOCIATION/ENTERPRISE

C. OIL INDUSTRY WILL OPERATE EXCLUSIVELY ON TWO-  
TIER SCHEME:

--USSR MINISTRY OF OIL INDUSTRY - PRODUCTION ASSOCIA-  
TION/ENTERPRISE

3. COAL, GAS, AND OIL INDUSTRIES WILL HAVE RESPECTIVELY  
47,32 AND 22 PRODUCTION ASSOCIATIONS, TO BE ACHIEVED  
THROUGH COMBINING 1600 (COAL), 200 (GAS), AND 300 (OIL)  
INDEPENDENT ENTERPRISES AND ORGANIZATIONS. REGARDING  
INDUSTRIAL ASSOCIATIONS (A TIER UTILIZED ONLY IS GAS  
INDUSTRY), 12 ALL-UNION ASSOCIATIONS WILL BE FORMED,  
INCLUDING 8 FOR OVERSEEING GAS EXTRACTION WORK IN  
VARIOUS SECTIONS OF COUNTRY.

4. AS ENVISAGED IN 1973 DECREE, FORMATION OF INDUSTRIAL  
AND PRODUCTION ASSOCIATIONS WILL BE ACCOMPANIED BY  
ELIMINATION OF MAIN PRODUCTION ADMINISTRATIONS (GLAVKI)  
OF CENTRAL COAL, OIL, AND GAS MINISTRIES IN MOSCOW.  
TARGET DATES FOR FINAL CHANGEOVER IN THESE MINISTRIES  
TO NEW MANAGEMENT SYSTEM ARE: 1974 (GAS INDUSTRY),  
1975 (OIL INDUSTRY) AND 1976 (COAL INDUSTRY).

5. ACCORDING TO IZVESTIYA ARTICLE NEW SYSTEM WILL RESULT  
IN ANNUAL SAVINGS TO GOVERNMENT OF 120-130 MILLION RUBLES  
IN COAL INDUSTRY, 100-110 MILLION RUBLES IN GAS INDUSTRY,  
AND 27 MILLION RUBLES IN OIL INDUSTRY. NUMBERS OF  
WORKERS IN MANAGEMENT APPARATUS OF THREE INDUSTRIES WILL  
ALSO BE "SIGNIFICANTLY REDUCED."

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6. COMMENT: STATISTICS CITED IN ARTICLE PROVIDE  
INTERESTING INSIGHTS INTO RELATIVE EFFICIENCY OF THREE  
SOVIET FUEL-EXTRACTION INDUSTRIES. COAL INDUSTRY, FOR  
EXAMPLE, CLEARLY LONG OVERDUE FOR RATIONALIZATION,  
WHEREAS NEED FOR REORGANIZATION WITHIN OIL INDUSTRY  
APPARENTLY SO MINOR THAT CREATION OF MIDDLE MANAGEMENT  
LINKS (INDUSTRIAL ASSOCIATIONS) WAS CONSIDERED UNNECESSARY.  
FACT THAT THESE THREE MINISTRIES AMONG FIRST TO UNDERGO

FULL-FLEDGED REORGANIZATION AS CALLED FOR IN DECREE WOULD  
APPEAR TO BE FURTHER CONFIRMATION OF PARTY AND GOVERNMENT  
DETERMINATION TO ASSURE THAT FUEL PRODUCTION INCREASES  
AS RAPIDLY AND EFFICIENTLY AS POSSIBLE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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